

Retailing of Christmas Trees in Three Selected Ohio Markets

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Introduction

Christmas tree production and marketing has become a big business in Ohio. Estimates regarding the size of the industry indicate that over two million trees will be displayed during the yuletide season. Expenditures for these trees and various miscellaneous greenery will probably exceed eight million dollars.

Consumer demands greatly influence the species and quality that retailers will purchase from tree growers or wholesalers. In this manner, retailers communicate buyers' wants to growers. In his key position, the retailer also tends to equate demand conditions with supply.

Purpose

The study was undertaken to ascertain marketing practices at Christmas tree retail markets of three communities differing in population and income. The report is based on the characteristics of 83 Christmas tree retailers in Canton, Columbus, and Washington Court House in 1956. This study is only one phase of a more comprehensive study, The Production and Marketing of Christmas Trees in Ohio, conducted jointly by The Ohio Agricultural Experiment Station and The Central States Forest Experiment Station. This project is part of the North Central Regional

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Methodology

Personal interviews were conducted in the three marketing areas to obtain information pertaining to the retailing practices employed. The retailers interviewed were selected on a random basis in Canton and Columbus. In Washington Court House, all Christmas tree retailing establishments within the marketing area were surveyed. The first interviews were taken before Christmas to determine purchasing and merchandising techniques. The same retailers were interviewed again following Christmas concerning the buying and selling price margins for the past season. Twenty retailers were selected in Canton, 23 in Washington Court House, and 40 in Columbus.

Market Description

The Columbus retail market included the city, its suburbs, and any contiguous villages. Considered as such, Columbus would include a population in excess of 500,000 people, for which the average annual family income is estimated to be \$7,171.20. The Washington Court House retail market was comprised of the city and its immediate suburban districts. This area encompassed an estimated population of 12,900 people whose average family income amounted to \$5,336.00. The Canton retail market area embraces a population of 123,700 people with an average annual family income of \$6,136.00.³

³Estimated population and average annual family income taken from Sales Management, Bill Brothers Publication, New York, New York, May 10, 1957, pp. 566-594.

Retailers' Occupation

Christmas tree retailers are in many different occupational fields for most of the year, but retail marketing of some type provides the major occupation for most of the Christmas tree retailers.

Most retailers in the Columbus and Washington Court House markets were independent grocers (Table 2). Christmas tree retailers representing occupations from chiropractors to housewives are collectively referred to as "private individuals" in Table I. This group "private individuals" proved to be the next most numerous classification of tree merchandisers on the average.

Table I. Year 'Round Occupations of Christmas Tree Retailers, Three Ohio City Markets, 1956

City Market	Percent of Total Retailers in Each Market					
	Independ- ent Grocer	Chain Grocer	Miscellaneous Markets ^a	Florists and Growers	Private Individ- uals	Frater- nal
Canton	5.0	---	35.0	10.0	45.0	5.0
Columbus	26.9	12.2	14.6	14.6	26.8	4.9
Washington C. H.	66.6	14.3	4.8	4.8	9.5	---
Composite	31.7	9.8	17.1	11.0	26.8	3.6

^aIncludes service stations, produce markets, auto sales, and other retailing establishments other than grocery stores.

Retail Lot Location

The sites utilized by Christmas tree retailers for merchandising trees often depend upon the occupation of the retailer. Grocery store lots are used most frequently.

Service Stations account for about the same percentage of tree retailing establishments in all three of the cities surveyed. Empty lots served as merchandising areas for many tree retailers whose occupations are classified in Table I as "private individuals." Premises of "miscellaneous markets," plus residential lawns, lodge grounds, golf

driving ranges, and drive-in dairy parlors and restaurants are combined to form the classification of "others" in Table II.

Table II. Christmas Tree Retailer Lot Locations in Ohio City Markets, 1956

City Market	Percentage of Dealers in Each Marketing Location				
	Independent Grocery	Chain Grocery	Service Station	Empty Lot	Others ^a
Canton	5.0	---	5.0	40.0	50.0
Columbus	26.9	12.2	4.9	29.2	26.8
Washington C. H.	66.6	14.3	4.8	---	14.3
Composite	31.7	9.8	4.8	24.4	29.3

^aIncludes premises of miscellaneous markets, lawns of residences, lodge grounds, golf driving ranges, and drive-ins.

Length of Time Open

The number of days retailers remained open for tree sales often differed with the type of retailing establishment. The greatest number was 50 days. This was found in a garden supply store in Canton. In such a retail operation, Christmas trees are rather easily merchandised along with garden supplies handled by the retailer. The least number for tree sales was eight days for a chain grocery market in Columbus. For some chain grocery markets, Christmas trees are merely a seasonal sales or service item. Table III relates that retailers remained open an average of 17 days for Christmas tree sales. With the exception of grocery stores, practically all retailers were open "nights" and on Sundays.

Table III. Number of Days Christmas Tree Retailers Remain Open for Sales in Three Ohio City Markets, 1956

Market	Days Open		Average
	Low	High	
Canton	12	50	18
Columbus	8	24	16
Washington C. H.	10	25	17
Composite	8	50	17

Trees Purchased and Sold

The number of species varied. In the Columbus retail market, 73 percent handled more than one species of trees. The pattern remained nearly the same in Canton with 70 percent. In Washington Court House, only 24 percent sold more than one specie.

The number of trees sold also measures the popularity of the species.

The average retailer handled two or more species and sold approximately 400 trees. Balsam fir was generally the most popular.

Table IV. Species of Trees Sold in Market Area, Three Ohio Cities, 1956

City Market	Percent of Total Number of Trees Sold in Market					
	Balsam Fir	Scotch Pine	Red Pine	White Pine	Spruce	Others ^a
Canton	40.7	42.9	8.4	2.6	0.9	4.5
Columbus	51.4	24.5	8.2	4.5	6.3	5.1
Washington C. H.	81.1	8.8	---	9.0	1.0	9.1
Composite	50.8	29.6	7.3	3.3	3.7	5.3

^aIncludes Douglas fir, Virginia pine, jack pine, blue spruce, and Austrian pine.

Only in Canton was balsam fir replaced by Scotch pine. In Columbus and Washington Court House, Scotch pine ranked second to balsam fir. Retailers in Washington Court House did not handle red or white pine trees (Table V).

Table V. Species of Christmas Trees Marketed by Retailers in Three Ohio Cities, 1956

Market	Percent of Retailers Marketing Each Species ^a					
	Scotch Pine	Balsam Fir	Red Pine	White Pine	Spruce	Others ^b
Canton	65.0	60.0	55.0	25.0	15.0	20.0
Columbus	56.1	100.0	43.9	21.9	36.6	9.8
Washington C. H.	14.3	90.5	---	---	4.8	23.8
Composite	47.6	87.8	35.4	17.1	23.2	15.8

^aTotals more than 100 percent - many retailers market more than one species.

^bIncludes Douglas fir, Virginia pine, jack pine, blue spruce and Austrian pine.

Tree Movement

Most retailers reported that balsam fir sold out first and sold best (Table VI). However, Canton retailers reported Scotch pine as selling as well as balsam fir. Columbus retailers reported balsam fir selling out first and selling best, but slightly under the composite average.

Table VI. Species Reported As Selling Best and Selling Out First
As a Percent of Retailers Reporting, Canton, Columbus,
and Washington Court House, Ohio, 1956

Species	Percent of Retailers Handling	Sold Best	Sold Out First
Balsam Fir	87.8	61.1	50.0
Scotch Pine	47.6	25.0	25.9
Red Pine	35.4	1.3	5.2
White Pine	17.1	4.2	3.4
Spruce	23.2	4.2	10.3
Others	15.8	4.2	5.2

Source

Although some Christmas tree retailers produce part of the trees they merchandise, they obtain the majority from other sources. Table VII presents all the sources of tree purchases and also indicates that many retailers purchased trees from more than one source. Local wholesalers, who may handle both locally-grown and imported trees, were suppliers of trees to most of the retailers in the three cities combined. In Columbus, local wholesalers were the source of trees for the greatest number of retailers, and no Christmas tree retailer interviewed in Columbus purchased trees from truckers.

Retailers in Canton obtain most of their trees from local growers, and no retailer interviewed in Canton purchased trees from truckers or out-of-state wholesalers.

A greater number of Washington Court House retailers purchased trees from out-of-state wholesalers than from any other one source. None of the Washington Court House retailers produced any of their own trees for sales, nor did any of the retailers purchase trees directly from out-of-state growers. Some retailers contract for local trees on

the stump. The retailer may then cut these trees himself or have them cut as the retailing season approaches.

Table VII. Retailers' Source of Christmas Trees, Three Ohio City Markets, 1956

City Market	Percent of Retailers Purchasing from Each Source ^a						
	Local Wholesaler	Out-of-State Wholesaler	Local Grower	Out-of-State Grower	Grow Own	Trucker	Chain Store
Canton	55.0	---	60.0	15.0	20.0	---	---
Columbus	85.4	24.4	9.8	9.8	14.6	---	2.4
Washington C.H.	23.8	71.5	14.3	---	---	4.8	9.5
Composite	62.2	30.5	23.2	8.5	12.2	1.6	3.7

^aTotals more than 100 percent - many retailers purchased from more than one source.

Bundled Trees

More than half of the trees purchased by retailers in the three city markets were bundled trees, mostly balsam fir. This method of purchase adds to handling ease and saves on transportation costs. The number of trees per bundle varies from one to eight or more depending on size.

Some species, however, such as Scotch pine do not lend themselves to easy bundling and are usually purchased as loose trees.

Time of Purchase

Retailers contract for Christmas trees throughout the year. Those purchasing trees from out-of-state suppliers usually contract for their trees earlier in the year than the retailers purchasing locally grown trees. The greatest number of trees are purchased in December. However, it can be seen that in December there is a greater percentage of locally grown trees purchased than trees from out-of-state. In Washington Court House, all purchases of locally grown trees were made in December.

Table VIII. Months Retailers Contract or Purchase Imported
Christmas Trees from Out-of-State Dealers,
Three Ohio City Markets, 1956

City Market	Percent of Total Contracts Let By Month												
	1955 Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Canton	---	10.0	---	---	10.0	---	---	---	---	10.0	10.0	30.0	30.0
Columbus	3.0	3.0	6.1	3.0	---	---	---	---	6.1	3.0	3.0	9.1	63.7
Washington C.H.	---	35.0	20.0	---	---	---	5.0	5.0	5.0	---	---	---	30.0
Composite	1.6	14.3	9.5	1.6	1.6	---	1.6	1.6	4.7	3.2	3.2	9.5	47.6

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Table IX. Months Retailers Contract or Purchase Local
Christmas Trees, Three Ohio City Markets, 1956

City Market	Percent of Total Contracts Let By Month												
	1955 Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Canton	---	---	---	---	---	---	---	---	---	6.3	---	25.0	68.7
Columbus	---	---	---	---	---	---	---	---	9.1	---	---	9.1	81.8
Washington C.H.	---	---	---	---	---	---	---	---	---	---	---	---	100.0
Composite	---	---	---	---	---	---	---	---	3.5	3.5	---	17.2	75.8

In the three-city survey, May was the only month in which there were no purchases of out-of-state trees, while purchases of locally grown trees were made only during the last five months of the year.

The fourth quarter of the year was the most important one for purchase of trees from out-of-state sources. However, the first quarter ranks next to the fourth in the number of tree contracts let.

Tree Quality and Grades

To sample tree quality, about 8 percent of the Christmas trees on the sample lots were graded by foresters of the Central States Forest Experiment Station. Usually 50 trees were graded on each lot. The trees graded were classified premium, good, utility, or cull. The grading system was that published by Ben M. Huey and S. Blair Hutchison in a bulletin of the Montana State University School of Forestry. The system is quite comparable to the U. S. Standards for Christmas trees which were not published at the time of the survey. The table presented here gives the quality standard by the grading system. (Table X).

Table X. Quality of Graded Trees by Species in Three City Retail Markets, 1956¹

Species	Percent of Each Species Graded			
	Premium	Good	Utility	Cull
Balsam Fir	4.8	23.3	53.0	18.9
Scotch Pine	7.6	35.1	44.6	12.7
Red Pine	3.6	20.2	41.9	34.3
White Pine	10.9	29.7	44.6	14.8
Spruce	11.6	40.6	42.0	5.8
Others ²	2.0	13.9	53.7	30.4
Composite	5.5	25.7	49.3	19.5

¹Grade specifications stated in "Marketing Montana Christmas Trees" by Ben M. Huey and S. Blair Hutchison, Montana State University School of Forestry, Bull. No. 2.

²Includes: Douglas fir, Virginia pine, Jack pine, Blue spruce, and Austrian pine.

About half the trees graded in the three cities were classified utility. About one-fourth were graded as good and one-fifth were classified as cull. Only 5 percent were found to be of "premium" quality.

When the retailers of the three cities were asked if they were interested in using grades as a basis for tree purchases, a majority of them indicated that they would prefer purchasing graded trees from the growers or wholesalers (Table XI).

Table XI. Retailers Interest in Graded Trees as Basis for Purchasing, Three Ohio Cities, 1956

City Market	Percent of Retailers Responding		
	Yes	No	Undecided
Canton	55.0	10.0	35.0
Columbus	80.5	4.9	14.6
Washington C. H.	81.0	9.5	9.5
Composite	74.4	7.3	18.3

Pricing and Sales

Retailers consider several factors when establishing retail Christmas tree prices for their consumer trade. A major factor is the market situation and buyer attitude. For specific trees, factors considered are quality, size, height, costs, and competitors' prices. They provide the basis for setting a specific percentage of price mark-up over wholesale prices.

Fifty percent of the Canton retailers priced their trees according to what they believed the market would bear. Nineteen percent of the Washington Court House retailers and less than 1 percent of the Columbus retailers used this method of tree pricing. In utilizing this method,

the retailer determines what the consumer will pay presently on his sales location, how much cost is involved in the tree, and the sales potential for the tree being considered by the consumer. In this manner, the retailer arbitrarily sets a price and there is opportunity for bargaining by the consumer and the retailer.

Retailers in each of the three cities surveyed differed as to what percentage price mark-up they attempted. The price mark-up attempted by the greatest number of Canton retailers was from 100 to 150 percent. In Columbus, most retailers attempted a price mark-up of from 90 to 100 percent. A 20 to 40 percent price mark-up was attempted most often by retailers in Washington Court House. Very few of the retailers attempted a price mark-up as high as 300 percent or more. The retailers' composite for the three cities shows that the price mark-up attempted most often was from 90 to 100 percent over the wholesale cost of the trees. Although the average price mark-up was found to be nearly 100 percent, this does not represent profit to the individual retailer, merely gross margin. Costs that must be deducted from gross margin before profit can be computed are: rent for lot, if any; electricity costs for night lighting; advertising and other promoting expenses; payments for labor, including labor of owner; insurance; and allowance for trees that will remain unsold after Christmas. When all these costs are totaled and subtracted from the 100 percent mark-up, the remainder is profit or loss.

Table XII. Price Mark-ups Stated by Christmas Tree Retailers,
Three Ohio Cities, 1956

City Market	Percentage of Retailers in Each Market by Stated Average Mark-up				
	20-40	50-90	90-100	100-150	300-400
Canton	---	15.4	38.4	46.2	---
Columbus	9.7	6.4	58.1	19.4	6.4
Washington C. H.	65.0	10.0	20.0	---	5.0
Composite	25.0	9.4	42.2	18.7	4.7

Artificially Colored Trees

Artificially colored trees were merchandised by a few of the retailers in the three city markets. Generally, the prices of these trees ranged from \$1 to \$4 more than the price of naturally colored trees of the same species. The percentage price increases shown were from 80 to 200 percent. Some of the retailers reported that they based their prices for artificially colored trees on a set price per foot of tree height.

Boughs

The retailers reporting the sale of boughs, priced their boughs from 14 cents to 24 cents per pound. A great number of the retailers reported that they cut their boughs from poor quality trees; this enabled them to realize some return on the cost of the tree which may not have sold had it been merchandised as a tree.

Live Trees

There were few live tree sales by retailers in the three city retail markets. Scotch pine and spruce were the two species sold as live trees. The average price for live spruce trees was \$6.45. Scotch pine trees sold for an average of \$7.15.

1956 Prices Compared to 1955 Prices

The retailers were asked to compare their tree prices for 1956 with their 1955 prices. In all three of the cities the greatest percentage of the retailers reported their 1956 prices to be the same as their 1955 prices. No Canton retailers reported an actual lowering of 1956 prices as compared to 1955 prices. An increase in 1956 prices over 1955 prices was reported by a greater percentage of the retailers than was a lowering of 1956 prices.

Summary

Some phase of retailing was the major year 'round occupation of most of the Christmas tree retailers. However, Christmas trees were retailed by people of many different occupations. Most retail Christmas tree lots were located at grocery markets. It was found that retailers sold Christmas trees from 8 to 50 days. The average number of days that trees were displayed for sale was 17 days.

Balsam fir trees were purchased by more retailers than any other species of Christmas trees. Scotch pine appeared as the next most popular tree with the retailers followed by red pine, spruce and white pine. Most retailers merchandised more than one species of Christmas tree. The number of species handled by retailers within each of the markets differed widely. Local wholesalers were the sources of Christmas trees for the greatest number of retailers. Out-of-state wholesalers and local growers were also important suppliers.

Retailers purchased most of their trees in December. However, purchases from out-of-state suppliers were spread throughout the year, while contracts for local trees were limited to the last two quarters of the year.

Bundled Christmas trees were particularly popular with retailers who sold balsam fir trees.

Approximately 8 percent of the trees in the retail lots were graded to determine tree quality. More spruce graded premium and good than any other species. The utility grade accounted for well over 50 percent of all trees graded for this study.

Most retailers price their trees according to a specific mark-up over cost. The most often attempted mark-up is from 90 to 100 percent. Some retailers priced their trees according to what they felt the market would bear.

Most retailers appear concerned about improving the quality of the trees they merchandise for consumer purchasing. About 75 percent of the retailers interviewed stated that they would prefer purchasing trees by quality grade as well as by specie and size. Only about 7 percent of the retailers were opposed to purchasing by grades. The remaining 18 percent of retailers were undecided whether purchasing trees by grade was desirable.

Appendix Table A.--Quality of Graded Trees by
Species in Canton Retail Market, 1956

Species	Percent of Each Species Graded			
	Premium	Good	Utility	Cull
Balsam Fir	4.1	28.3	49.9	17.7
Scotch Pine	6.8	25.9	50.2	17.1
Red Pine	2.8	13.8	38.6	44.8
White Pine	5.0	18.3	56.7	20.0
Spruce	66.7	33.3	---	---
Others*	5.3	7.0	49.1	38.6
Composite	5.4	23.2	48.2	23.2

*Includes: Douglas fir, Virginia pine, Jack pine,
Blue spruce, and Austrian pine.

Appendix Table B.--Quality of Graded Trees by Species
in Columbus Retail Market, 1956

Species	Percent of Each Species Graded			
	Premium	Good	Utility	Cull
Balsam Fir	7.3	29.4	47.7	15.6
Scotch Pine	8.1	45.3	38.0	8.6
Red Pine	4.6	28.7	46.3	20.4
White Pine	19.5	46.4	26.8	7.3
Spruce	6.3	41.4	46.0	6.3
Others*	1.8	28.1	49.1	21.0
Composite	7.3	34.1	44.6	14.0

*Includes: Douglas fir, Virginia pine, Jack pine,
Blue spruce, and Austrian pine.

Appendix Table C.--Quality of Graded Trees by Species
in Washington Court House Retail Market, 1956

Species	Percent of Each Species Graded			
	Premium	Good	Utility	Cull
Balsam Fir	0.6	6.3	66.5	26.6
Scotch Pine	11.1	38.9	50.0	---
Red Pine	---	---	---	---
White Pine	---	---	---	---
Spruce	---	---	---	---
Others*	---	9.2	59.8	31.0
Composite	00.9	8.3	64.4	26.4

*Includes: Douglas fir, Virginia pine, Jack pine,
Blue spruce, and Austrian pine.

Appendix Table D.--Retailers 1956 Prices Compared to 1955
Prices, Three Ohio Cities, 1956

City Market	Percentage of Retailers Responding		
	Higher	Lower	Same
Canton	16.7	---	83.3
Columbus	43.3	10.0	46.7
Washington C. H.	31.6	10.5	57.9
Composite	34.4	8.2	57.4